

CHELAN COUNTY, WASHINGTON
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. Fair Department Should Improve Internal Controls Over Ticket Sales

During our audit, we noted that the county was unable to account for total cash received for ticket sales at the county fair. We also determined that the authorized amount set for the change boxes was not being maintained.

The individuals operating the ticket booths were not remitting tickets when admission fees were paid. As a result, the worksheets showing reconciliation of tickets sold to cash received were materially out of balance for each day of the 1994 fair.

Furthermore, when the daily deposits were made, the authorized amount to remain in the change boxes was not maintained. As a result, the daily deposits did not equal the total receipts for the day.

The county printed and distributed to the ticket booth operators *Guidelines For Ticket Gates*. The internal control procedures outlined in the guidelines were found to be acceptable, however, they were not followed.

The lack of internal controls described above increases the possibility of accidental or intentional loss or misuse of county funds.

We recommend that the county improve controls over cash receipts of the fair by ensuring that ticket booth attendants implement the *Guidelines for Ticket Gates* procedures established by the county.

CHELAN COUNTY, WASHINGTON
January 1, 1993 Through December 31, 1993

Schedule Of Federal Findings

1. The County Should Monitor Subrecipients In Accordance With Federal Guideline

As noted in our two prior audit reports, Chelan County has not monitored subrecipients of federal grants in accordance with federal regulations. The county lacked sufficient subrecipient monitoring procedures to determine whether subrecipients met federal audit requirements; to ensure the timely receipt and review of audit reports; whether federal assistance funds had been spent in accordance with federal laws; or whether corrective action was needed on any findings or questioned costs. The following were identified during the audit as 1993 subrecipients of federal financial assistance:

<u>Subrecipient</u>	<u>Federal Program</u>
The Center for Alcohol and Drug Treatment	Block Grant for Prevention and Treatment of Substance Abuse
Chelan-Douglas Together for Drug-Free Youth	Drug-Free Schools and Communities

The county was unaware of the results of the annual audit of The Center for Alcohol and Drug Treatment. Additionally, the county did not determine whether Chelan-Douglas Together for Drug-Free Youth (a private organization) had met federal audit requirements. It has not.

The Office of Management and Budget (OMB), Circular A-128 sets forth subrecipient monitoring requirements as follows:

State or local governments that receive Federal financial assistance and provide \$25,000 or more of it in a fiscal year to a subrecipient shall:

- a. determine whether State or local subrecipients have met the audit requirements of this Circular and whether subrecipients covered by Circular A-110, "Uniform Requirements for Grants to Universities, Hospitals, and other Nonprofit Organizations", have met that requirement;
- b. determine whether the subrecipient spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subrecipient made in accordance with this Circular, Circular A-110, or through other means (e.g. program review) if the subrecipient has not yet had such an audit;

- c. ensure that appropriate corrective action is taken within six months after receipt of the audit report in instances of noncompliance with Federal laws and regulations . . .

The Office of Management and Budget (OMB) Circular A-133 (supersedes Circular A-110 regarding audit requirements for private non-profit corporations) sets forth the audit requirements pertaining to the subrecipients named above. It states in part:

Non-profit institutions that receive at least \$25,000 but less than \$100,000 a year in federal awards shall have an audit made in accordance with this circular or have an audit made of each federal award, in accordance with federal laws and regulations governing the programs in which they participate.

Failure to adequately monitor subrecipients results in lack of assurance that federally funded programs are properly administered and that costs charged are allowable and could jeopardize future federal funding.

We recommend the county establish and implement procedures to ensure that requirements for monitoring subrecipients in accordance with OMB Circular A-128 have been met.